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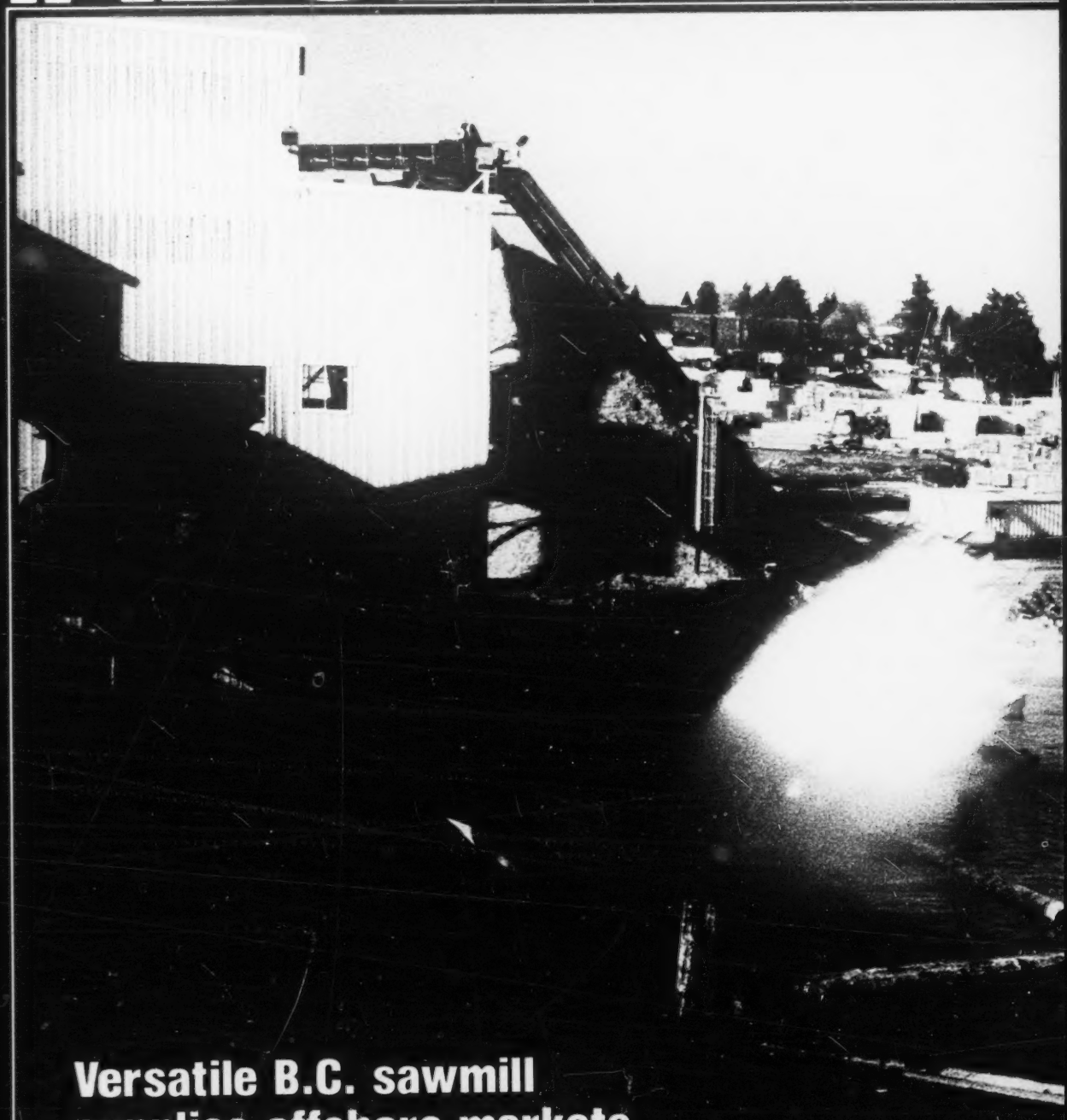
FOREST INDUSTRIES

LOGGING/PULPWOOD/FORESTRY/LUMBER/PANELS



Versatile B.C. sawmill supplies offshore markets

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Japan-USSR chip pact may hurt U.S. producers

TOKYO, JAPAN—Japan and the Soviet Union are trying to improve their trade relations, and the news may bode ill for U.S. chip producers.

The Japanese Chip Trading Co. and the Soviet Lumber Export Corp. recently signed a $500-million contract. The Japanese will help the Russians produce wood chips and the Russians will supply softwood chips—and possibly lumber—to Japan. According to the National Forest Products Assn.'s "International Trade Report," the Japanese will supply machinery and facilities to make chips and pulp for industrial use.

Obviously this could have an impact on U.S.-Japanese trade. Last year, Japan bought about $132 million worth of wood chips and $138 million worth of softwood lumber from the U.S. ■

U.S. forest industry results ($ millions)

Company	4th quarter 1985 Sales	% chg	Earnings	% chg	Full year 1985 Sales	% chg	Earnings	% chg
Boise Cascade	578	-1.5	19.0	n.m.	3,700	-2.7	104.9	49.4
Champion Intl.	1185	-29.3	38.1	n.m.	5789	18.7	163	n.m.
Chesapeake	123.6	62	5.8	-54	464	30	15.7	-29
Crown Zellerbach	742.8	-7.8	17	88	3083	-1.1	-20.6	n.m.
Georgia-Pacific	1580	-10.0	43.0	n.m.	6714	0.5	187	36.4
Hammermill	554.5	8.2	4.5	-72	1877	1.3	26.8	-48.3
Intl. Paper	1111	-3.0	45.8	n.m.	4502	-4.3	131.3	9.3
Louisiana-Pacific	312.6	10.1	5.4	170.9	1201	2.5	25.5	-39.6
Pope & Talbot	74.9	-1.9	0.8	n.m.	325	1.6	6.6	n.m.
Scott Paper	826.6	10.6	49.6	-0.8	3019	7.1	201.1	7.1
Weyerhaeuser	1238	-12.1	65.8	132.1	5206	-6.2	200.1	-11.8
Willamette Inds.	272.8	-8.5	15.9	-34.6	1152	-2.8	66.2	-3.5

n.m. = Not meaningful

NFPA board changes membership package

WASHINGTON, D.C.—National Forest Products Assn. leaders are still trying to find a structural formula that will attract a much-needed increase in membership.

Governors in January approved a concept dubbed "NFPA Plus" under which members would support a core of basic programs plus at least one specialized activity.

The core would cover congressional relations, environmental and health programs, media relations, and information and statistics. NFPA's acknowledged strength—and member appeal—lies in the effectiveness of its government affairs activities.

Councils on the membership menu, and their missions, are:

- Market Support Council (formerly Product Division); to maintain acceptance of wood construction and products among federal, state and local code agencies. This includes technical support such as engineering data analysis and fire research.
- Public Timber Council (formerly Public Timber Division); to oversee federal resource agency relations and public timber supply programs. Examples are analysis of timber sale contract policies, review of national forest management planning and coordination of industry litigation.
- American Forest Council (a merger of NFPA's Private Timber Division with the American Forest Institute, which occurred Jan. 1, 1986); to encourage greater productivity from private timberlands and to carry on resource communications and public awareness activities. AFC is funded by NFPA and the American Paper Institute.
- International Trade Council (formerly International Trade Division); to coordinate industry action on trade policy and international trade development. Trade barrier issues and foreign market promotion are on the work list.

According to NFPA, the changes react to a 1985 member sample survey and should result in reduced membership dues. A board of governors meeting to consider a timetable was scheduled for Feb. 25. ■

Weak wood, paper sales battered industry in '85

SAN FRANCISCO, CALIF.—It will come as no surprise, but once again, mediocre markets for paper and wood products have produced mediocre earnings for the forest products industry.

A sample of a dozen large companies' fourth-quarter and annual sales and profits figures showed a mixed bag of results. Most firms made money for the year as a whole and during the fourth quarter. But in many cases sales were lower than a year earlier.

Boise Cascade Corp. chairman and chief executive officer (CEO) John Fery blamed the strong U.S. dollar for poor results from its paper business. The dollar's strength made it harder to export and stimulated imports.

On the solid-wood side, Fery noted that prices remain at recessionary levels. However, Boise made money on its building products in 1985, reversing a sizable loss in 1984. Restructuring, consolidation and containing costs produced the turnaround, Fery said.

Champion International Corp. managers must be smiling. The company lost $6 million in 1984, but earned $163 million last year despite poor markets. It was the first full year in which earnings of the former St. Regis Corp. were included in Champion's statistics. Since it bought St. Regis, Champion has sold more than $1 billion of assets.

As a result of the restructuring, Champion is "now broadly positioned in the white paper business, which is our strength," said chairman and CEO Andrew Sigler.

Georgia-Pacific Corp. had one of its best years ever in building products in 1985, noted chairman and CEO Marshall Hahn. The sector's operating profits rose to $391 million from $379 million in 1984. But weak paper markets hurt G-P's overall results: from $202 million in 1984, the paper sector's profits plunged to $29 million. Profits from all continuing operations fell 18% in 1985. Once extraordinary items, discontinued operations and other "footnote material" are accounted for, G-P earnings rose 36% to $187 million.

John Georges, International Paper Co.'s chairman and CEO, summed up 1985: "Last year was very difficult for the forest products industry." ■